

**LOS ANGELES FIRE DEPARTMENT**


BRIAN L. CUMMINGS  
FIRE CHIEF

May 14, 2012

BOARD OF FIRE COMMISSIONERS  
FILE NO. 12-082

TO: Board of Fire Commissioners

FROM: Brian L. Cummings, Fire Chief

SUBJECT: WRITE-OFF OF UNCOLLECTIBLE LAFD EMERGENCY AMBULANCE SERVICE CHARGES EACH VALUED LESS THAN \$5,000 FOR FISCAL YEARS 2004-05 TO 2010-11

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

**Recommendations:** That the Board:

1. Authorize the Fire Chief to refer to the Board of Review any or all pertinent documentation regarding \$9,327,240.58 in uncollectible emergency ambulance service accounts each valued less than \$5,000 for Fiscal Years 2004-05 to 2010-11 for write-off authority. This recommendation is based on the summary findings, listed below.
2. Direct the Commission Executive Assistant I to forward three (3) sets of the attached letter and summary report to the Board of Review for consideration and approval.

**Summary:**

1. The Los Angeles Municipal Code Section 11.04 (Ch. 1, Art. 1) provides that any Board, Commission, or Head of a Department may prepare a report setting forth findings regarding the status of unpaid accounts. This report may then be submitted to the Board of Review for appropriate actions.
2. These uncollected emergency ambulance services for Fiscal Years 2004-05 to 2010-11 consist of 14,564 accounts each valued less than \$5,000 amounting to \$9,327,240.58.
3. The 14,564 accounts for \$9,327,240.58, including those originating from Fiscal Years 2004-05 to 2007-08 (through May 2008) past the statute of limitations,

were referred to the City's outside collection agency, NCO Financial Systems, Inc. for collection and were deemed to be uncollectible.

4. The staff of Accounting Services, along with the recommendation of the Office of Finance, determined that the attached list of unpaid accounts amounting to \$9,327,240.58 should be written off.

**Fiscal Impact:**

With the removal of these uncollectible accounts from the Department's outstanding balance, the Department's resources are more efficiently utilized on more recent outstanding accounts. The removal of these unpaid accounts from the current Ambulance Billing System shall not preclude the City from collecting any sum that later proves to be collectible. Writing off these accounts would be consistent with Generally Accepted Accounting Principles. This is also consistent with existing City policy to reflect the accurate status of accounts in the City's financial statements so as not to overstate the revenue.

**Conclusion:**

In view of the above findings, it is appropriate that these uncollectible Los Angeles Fire Department emergency ambulance service accounts, each valued less than \$5,000 for fiscal years 2005 through 2011, be referred for write-off authority to the Board of Review in compliance with the Los Angeles Municipal Code.

Upon your Board's approval, Board of Review consideration/approval will be initiated.

Board report prepared by Carmela Espiritu, Department Chief Accountant, Accounting Services Section, Administrative Services Bureau.

Attachments

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL CORRESPONDENCE

May 11, 2012

**TO:** Shane Min, Chairperson I  
Office of the Controller

**FROM:** Brian L. Cummings, Fire Chief  
Los Angeles Fire Department

**SUBJECT:** WRITE-OFF OF UNCOLLECTIBLE AMBULANCE SERVICE CHARGES  
EACH VALUED LESS THAN \$5,000 FOR FISCAL YEARS 2004-05 TO  
2010-11

**BACKGROUND**

The Los Angeles Administrative Code, Chapter 10, Article 4, Section 22.210.2, provides that the Fire Chief of the Los Angeles Fire Department (LAFD) shall review the status of unpaid ambulance accounts to determine whether they are collectible. He shall refer those accounts determined to be uncollectible to the Board of Review in accordance with the Los Angeles Municipal Code, Article 1, Section 11.04, for appropriate action. The removal of these unpaid accounts from the current Ambulance Billing System shall not preclude the City from collecting any sum that later proves to be collectible.

The Los Angeles Fire Department Ambulance Billing Unit performed exhaustive billing and collection efforts on these accounts. In general, the process performed includes initial invoicing, sending past due notices after 30 days and researching missing information through the EMS Billing System database or hospitals. The unit made approximately 20,000 calls a year and received approximately 25,000 calls per year from the automatic call distribution system. The LAFD accepted a wide range of payments, including all major credit cards, checks, cash, and for Medicare, MediCal, and major insurance companies Electronic Fund Transfers (EFT). After exhaustive billing and collection efforts were made, 14,564 of these delinquent accounts were referred for additional collection efforts to the City's contracted outside collection agency, NCO Financial Systems, Inc., pursuant to Section 5.181 of the Los Angeles Administrative Code.

Submitted for write-offs are 14,564 accounts billed each valued less than \$5,000 for uncollected ambulance services amounting to \$9,327,240.58 for Fiscal Years 2004-05 to 2010-11.

**RECOMMENDATION**

It is recommended that the Honorable Board of Review approve the write-off of \$9,327,240.58 of 14,564 uncollected ambulance service accounts, each valued less than \$5,000 for Fiscal Years 2004-05 to 2010-11.

**FINDINGS**

1. The Los Angeles Administrative Code, Chapter 10, Article 4, Section 22.210.2, provides that the Fire Chief of the LAFD shall review the status of unpaid ambulance accounts to determine whether they are collectible. He shall refer those accounts determined to be uncollectible to the Board of Review in accordance with Section 5.182 of the Los Angeles Administrative Code for appropriate action.
2. In addition to the original invoice, statements were sent to patients and, where applicable, to their identified insurance carriers. Research was also conducted at several receiving hospitals where the patient or insurance information was incorrect or incomplete. All of these 14,564 delinquent accounts were referred for additional collection efforts to the City's contracted outside collection agency, NCO Financial Systems, Inc., pursuant to Section 5.181 of the Los Angeles Administrative Code. Outside collection agency efforts continued up to one year from referral date. These accounts were determined to be uncollectible and were returned to the Department. These 14,564 accounts are less than \$5,000, including accounts originating from Fiscal Years 2004-05 to 2007-08 (through May 2008), which are now past the statute of limitations; therefore, the Department has no legal means of collecting these balances. The Department's resources are more efficiently utilized on more recent outstanding accounts.
3. Writing off these accounts would be consistent with Generally Accepted Accounting Principles. This is also consistent with existing City policy to reflect the accurate status of accounts in the City's financial statements and not overstate revenue.
4. The removal of these unpaid accounts from the current Ambulance Billing System shall not preclude the City from collecting any sum that later proves to be collectible.

If you require additional information, please contact Carmela Espiritu, Departmental Chief Accountant, Administrative Services Bureau, at (213) 978-3477.



BRIAN L. CUMMINGS  
Fire Chief

Attachments

RUN DATE: 05/09/2012

LOS ANGELES FIRE DEPARTMENT  
ACCOUNTING SERVICES SECTION  
EMSS - RESCUE AMBULANCE BILLING SYSTEM  
REVENUE SOURCE 4091 - EMERGENCY AMBULANCE SERVICES  
ALL ACCOUNTS IN THIS REPORT ARE LESS THAN \$5000  
WRITE-OFF OF ACCOUNTS RETURNED FROM NCO AS UNCOLLECTIBLE  
YEAR-BY-YEAR SUMMARY REPORT

EMSS SYSTEM  
PAGE 1

INVOICE MONTH	NBR OF INVOICE	AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2004 JULY	0	0.00	0.00	0.00	0.00
2004 AUGUST	13	6,464.50	0.00	887.00	5,577.50
2004 SEPTEMBER	23	13,515.25	-126.94	2,274.56	11,113.75
2004 OCTOBER	16	10,501.75	-152.68	4,123.31	6,225.76
2004 NOVEMBER	13	8,783.75	0.00	3,436.37	5,347.38
2004 DECEMBER	15	10,379.75	-228.53	2,283.97	7,867.25
2005 JANUARY	22	15,046.00	-637.92	1,924.00	12,484.08
2005 FEBRUARY	16	10,868.50	-447.56	3,198.90	7,222.04
2005 MARCH	20	12,099.00	-243.43	2,122.68	9,732.89
2005 APRIL	28	15,090.00	0.00	723.95	14,366.05
2005 MAY	13	7,851.50	-141.82	1,220.40	6,489.28
2005 JUNE	10	5,603.25	0.00	1,802.61	3,800.64
FISCAL YEAR TOTAL:	189	116,203.25	-1,978.88	23,997.75	90,246.62

RUN DATE: 05/09/2012

LOS ANGELES FIRE DEPARTMENT  
ACCOUNTING SERVICES SECTION  
EMSS - RESCUE AMBULANCE BILLING SYSTEM  
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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2005 JULY	13	7,931.00	0.00	668.50	7,262.50
2005 AUGUST	19	12,781.00	-517.26	2,047.76	10,215.98
2005 SEPTEMBER	17	10,319.00	0.00	725.05	9,593.95
2005 OCTOBER	12	7,468.75	-222.57	808.81	6,437.37
2005 NOVEMBER	17	10,858.00	-72.12	626.63	10,159.25
2005 DECEMBER	13	8,795.00	-276.61	2,150.96	6,367.43
2006 JANUARY	12	8,874.50	-685.68	1,804.12	6,384.70
2006 FEBRUARY	12	9,103.25	-165.62	1,979.62	6,958.01
2006 MARCH	18	13,256.25	-449.34	3,265.72	9,541.19
2006 APRIL	9	6,855.25	-425.97	1,649.40	4,779.88
2006 MAY	18	14,328.00	-1,470.69	3,375.09	9,482.22
2006 JUNE	22	15,200.25	-369.54	1,669.46	13,161.25
FISCAL YEAR TOTAL:	182	125,770.25	-4,655.40	20,771.12	100,343.73

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2006 JULY	21	16,158.00	0.00	1,169.50	14,988.50
2006 AUGUST	21	15,624.50	-912.98	3,045.18	11,666.34
2006 SEPTEMBER	21	15,776.75	0.00	1,536.66	14,240.09
2006 OCTOBER	16	13,343.00	-464.89	2,753.89	10,124.22
2006 NOVEMBER	12	9,776.50	-260.82	820.04	8,695.64
2006 DECEMBER	20	15,415.75	-813.88	3,436.08	11,165.79
2007 JANUARY	28	21,562.50	-499.51	5,968.15	15,094.84
2007 FEBRUARY	14	11,583.50	-1,155.54	3,642.35	6,785.61
2007 MARCH	23	18,951.50	-2,427.54	2,344.82	14,179.14
2007 APRIL	29	23,542.50	-2,227.23	4,802.41	16,512.86
2007 MAY	36	28,796.75	-2,861.54	7,508.80	18,426.41
2007 JUNE	21	16,689.00	-1,323.70	3,717.72	11,647.58
FISCAL YEAR TOTAL:	262	207,220.25	-12,947.63	40,745.60	153,527.02

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LOS ANGELES FIRE DEPARTMENT  
EMSS - ACCOUNTING SERVICES SECTION

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2007 JULY	23	18,613.25	-1,599.86	3,195.39	13,818.00
2007 AUGUST	33	27,097.25	-1,546.37	4,365.24	21,185.64
2007 SEPTEMBER	21	17,484.00	-1,822.54	2,471.50	13,189.96
2007 OCTOBER	34	27,340.00	-3,036.99	5,482.87	18,820.14
2007 NOVEMBER	39	32,896.50	-4,549.00	5,428.32	22,919.18
2007 DECEMBER	39	30,609.50	-1,726.95	7,815.37	21,067.18
2008 JANUARY	31	25,956.00	-3,985.23	6,456.88	15,513.89
2008 FEBRUARY	34	30,018.50	-4,153.01	7,603.33	18,262.16
2008 MARCH	60	52,730.50	-5,302.64	14,465.57	32,962.29
2008 APRIL	66	54,930.50	-8,429.40	14,271.37	32,229.73
2008 MAY	59	50,657.50	-5,143.16	10,189.09	35,325.25
2008 JUNE	42	34,794.00	-2,425.88	9,007.86	23,360.26
FISCAL YEAR TOTAL:	481	403,127.50	-43,721.03	90,752.79	268,653.68

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2008 JULY	55	45,190.00	-6,310.83	13,019.33	25,859.84
2008 AUGUST	49	42,131.00	-7,222.88	12,172.89	22,735.23
2008 SEPTEMBER	56	48,223.50	-6,063.19	14,369.51	27,790.80
2008 OCTOBER	82	69,948.50	-6,293.90	17,128.09	46,526.51
2008 NOVEMBER	58	48,671.50	-5,316.45	12,328.32	31,026.73
2008 DECEMBER	106	89,859.00	-12,845.01	19,320.82	57,693.17
2009 JANUARY	105	89,121.00	-13,738.31	22,380.33	53,002.36
2009 FEBRUARY	134	111,848.00	-14,661.08	30,332.26	66,854.66
2009 MARCH	191	159,648.50	-16,482.31	43,969.18	99,197.01
2009 APRIL	274	233,470.25	-26,302.21	65,401.33	141,766.71
2009 MAY	292	263,795.50	-30,985.39	64,978.96	167,831.15
2009 JUNE	513	478,450.25	-52,683.10	105,473.06	320,294.09
FISCAL YEAR TOTAL:	1,915	1,680,357.00	-198,904.66	420,874.08	1,060,578.26

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INVOICE MONTH	NBR OF INVOICE	AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2009 JULY	664	628,372.25	-93,670.45	133,015.52	401,686.28
2009 AUGUST	550	525,315.00	-90,012.27	118,398.76	316,903.97
2009 SEPTEMBER	814	778,520.75	-135,123.05	168,848.60	474,549.10
2009 OCTOBER	820	773,140.50	-127,270.66	170,964.17	474,905.67
2009 NOVEMBER	464	443,669.50	-73,797.56	106,634.68	263,237.26
2009 DECEMBER	600	570,473.00	-78,070.68	122,517.16	369,885.16
2010 JANUARY	589	551,655.00	-70,671.40	142,358.35	338,625.25
2010 FEBRUARY	861	801,419.25	-81,387.15	187,026.18	533,005.92
2010 MARCH	2,085	1,954,432.00	-124,205.71	302,055.58	1,528,170.71
2010 APRIL	1,893	1,783,102.75	-88,050.31	251,908.29	1,443,144.15
2010 MAY	1,143	1,068,671.25	-74,053.57	210,741.80	783,875.88
2010 JUNE	913	862,254.25	-73,903.81	170,070.62	618,279.82
FISCAL YEAR TOTAL:	11,396	10,741,025.50	-1,110,216.62	2,084,539.71	7,546,269.17

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INVOICE MONTH	NBR OF INVOICE	AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYOUT AMT	TOTAL BALANCE
2010 JULY	25	24,559.50	-2,014.77	4,694.18	17,850.55
2010 AUGUST	25	23,779.25	-5,412.39	3,269.38	15,097.48
2010 SEPTEMBER	20	21,168.50	-2,637.28	4,763.13	13,768.09
2010 OCTOBER	20	22,958.50	-1,516.34	6,464.68	14,977.48
2010 NOVEMBER	1	1,051.25	0.00	0.00	1,051.25
2010 DECEMBER	0	0.00	0.00	0.00	0.00
2011 JANUARY	0	0.00	0.00	0.00	0.00
2011 FEBRUARY	3	2,522.50	0.00	0.00	0.00
2011 MARCH	17	15,956.25	0.00	0.00	2,522.50
2011 APRIL	8	7,044.50	0.00	0.00	15,956.25
2011 MAY	13	12,812.50	0.00	0.00	7,044.50
2011 JUNE	7	6,561.50	0.00	0.00	12,812.50
FISCAL YEAR TOTAL:	139	138,414.25	-11,580.78	19,191.37	107,642.10

RUN DATE: 05/09/2012

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INVOICE MONTH	NBR OF INVOICE	TOTAL AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYMENT AMT	TOTAL BALANCE
2011 JULY	0	0.00	0.00	0.00	0.00
2011 SEPTEMBER	0	0.00	0.00	0.00	0.00
2011 OCTOBER	0	0.00	0.00	0.00	0.00
2011 NOVEMBER	0	0.00	0.00	0.00	0.00
2011 DECEMBER	0	0.00	0.00	0.00	0.00
2012 JANUARY	0	0.00	0.00	0.00	0.00
2012 FEBRUARY	0	0.00	0.00	0.00	0.00
2012 MARCH	0	0.00	0.00	0.00	0.00
2012 APRIL	0	0.00	0.00	0.00	0.00
2012 MAY	0	0.00	0.00	0.00	0.00
2012 JUNE	0	0.00	0.00	0.00	0.00
FISCAL YEAR TOTAL:	0	0.00	0.00	0.00	0.00

RUN DATE: 05/09/2012

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SUMMARY:

FISCAL YEAR	NBR OF INVOICE	AMOUNT INVOICED	TOTAL ADJUSTMENT AMT	PAYOUT AMT	TOTAL BALANCE
FY2004-2005:	189	116,203.25	-1,978.88	23,997.75	90,226.62
FY2005-2006:	182	125,770.25	-4,655.40	20,771.12	100,343.73
FY2006-2007:	262	207,220.25	-12,947.63	40,745.60	153,527.02
FY2007-2008:	481	403,127.50	-43,721.03	90,752.79	268,653.68
FY2008-2009:	1,915	1,680,357.00	-198,904.66	420,874.08	1,060,578.26
FY2009-2010:	11,396	10,741,025.50	-1,110,216.62	2,084,539.71	7,546,269.17
FY2010-2011:	139	138,414.25	-11,580.78	19,191.37	107,642.10
FY2011-2012:	0	0.00	0.00	0.00	0.00
GRAND TOTAL:	14,564	13,412,118.00	-1,384,005.00	2,700,872.42	9,327,240.58